

MAY 30 2008

EMAIL MEMO

DIV. OF OIL, GAS & MINING

To: Susan White, Beth Ericksen - DOGM
cc to: Lynn Kunzler - DOGM, Tony Christofferson - Geneva Rock Products, Linda Matthews - JBR Environmental Consultants
From: Marit Sawyer - JBR Environmental Consultants *MS*
Date: May 28, 2008

RE: M/049/0011 Pelican Pt Quarry, Geneva Rock Products
Hi, Susan,

I think I can explain why the **bond liability evaluation** in the existing NOI for Geneva's Pelican Point Quarry is different than the **surety bond** carried by Geneva for the same operation.

Geneva took over the quarry in May 2006. At that time Geneva still had to procure a bond so that the existing bond could be released to the previous owner. This process was ongoing throughout the second half of 2006. When Geneva took over the operation, the bond carried by the operation was \$301,778. Doug Jensen of DOGM requested that the bond be updated in a memo to Geneva dated December 21, 2006. This updating was needed to cover additional disturbance areas and buildings constructed by the previous owner without DOGM's approval.

Following the system in use at that time, Geneva updated the bond calculations using DOGM-approved costs. For example, the \$301,778 bond evaluation used \$0.24 per cubic foot for demolition of buildings. The \$497,412 bond evaluation used \$0.28 per cubic foot for building demolition (see enclosed documents for comparison).

Geneva's newer bond analysis came up with a liability of \$497,412.00. This analysis was sent to DOGM around January, 2007. Doug Jensen reviewed this bond analysis. *Geneva procured a bond for \$497,400.00 (No. 104 741 614, issued February 2, 2007) and the DOGM released the previous operator's Letter of Credit on February 13, 2007, indicating that the bond was accepted by DOGM.*

So now it's February and Geneva is operating under a sort of messy NOI that is not all in one location, nor does it describe all disturbance very accurately. In addition, Geneva tells DOGM it plans to expand the mine significantly. Geneva meets with Lynn Kunzler of DOGM, who is now overseeing this permit, to discuss quarry expansion. They agree that the existing NOI should be simply pulled together into one package, without much fanfare, so that at least there is a clear baseline from which to revise the NOI. Geneva hires JBR to pull the existing pieces together. Once that's done, Geneva will submit an entirely new NOI (a "throw away the old, no holds barred" kind of submittal), modernized and clean, to cover both existing and newly planned disturbance areas.

Geneva, JBR, and Lynn Kunzler meet in early July to discuss the amendment or "update" of the existing permit. It's decided that this document should just pull together the basics. DOGM will not demand a perfect document since this one will soon be superceded by a newly revised,

high-standard NOI, to be submitted in Spring. But at least everything will be in one place and the bonded area will be shown on one map.

The updated/revised NOI is submitted October, 2007. However, there is an error that no one catches for 6 months: the bond analysis included in that submittal was the old one for \$301,778.00. This package is reviewed and verbally accepted by DOGM (there may be an email, but no formal approval letter that Tony or I can find) and Geneva continues mining rock and solidifying its plans to expand the quarry.

A letter dated April 16, 2008 from DOGM to Geneva states that the bond held by the company is \$497,400.00 while the approved NOI says the bond liability is only \$301,778.00. The letter requests that the discrepancy be explained. It takes a while to pull the pieces together, but hopefully you've seen it now: The bond Geneva carries is for \$497,400.00 as is supported by the analysis reviewed and approved (or he wouldn't have released the old bond) by Doug Jensen. The wrong bond evaluation was submitted with the "cleaned up" NOI update and was not caught when the NOI was submitted.

So please use the enclosed Amendment form (pdf) and Reclamation Estimate \$497412 (pdf) to guide you in replacing the old surety bond evaluation (\$301,987) with the newer one (\$497,400) accepted by Doug Jensen in early 2007. I am also mailing the signed Amendment form and a print out of the \$497,400 bond estimate to DOGM via regular mail.

Geneva still plans to submit in the very near future a revised NOI that is fully updated, cleaned up, and contains much more detail on the maps and the bond amount. Hopefully this email has clarified the old bonding situation and will put to rest this bonding issue. Looking forward, Geneva would like to focus on submitting a NOI Revision that meets DOGM's current standards and allows clean development of the Pelican Point quarry area.

If you have further questions about this, please feel free to call me (943-4144) or Tony Christofferson (765-7800).

Sincerely,

Marit Sawyer

Marit Sawyer
JBR Environmental Consultants, Inc.
801-943-4144 x143
msawyer@jbrenv.com

Application for Mineral Mine Plan Revision or Amendment

Operator: Geneva Rock Products	
Mine Name: Pelican Point Quarry	File Number: M/ 049/011

Provide a detailed listing of all changes to the mining and reclamation plan that will be required as a result of this change. Individually list all maps and drawings that are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise or amend the existing Mining and Reclamation Plan. **Include page, section and drawing numbers as part of the description.**

DETAILED SCHEDULE OF CHANGES TO THE MINING AND RECLAMATION PLAN DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED

<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input checked="" type="checkbox"/> Remove	R647-4-113 Surety Calculations table totaling \$301,778
<input checked="" type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	R647-4-113 Surety Calculations table totaling \$497,400
<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
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I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

Marit Sawyer

Print Name


Sign Name, Position

consultant for Geneva 5/28/08
Rock Products — Date

JBR Environmental Consultants

Return to:

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: (801) 538-5291 Fax: (801) 359-3940

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FOR DOGM USE ONLY:

File #: M/ /

Approved:

Bond Adjustment: from (\$)

to \$

Reclamation Surety Estimate

Geneva Rock Products, Inc.

Pelican Point - Limestone - M/049/011 - Utah County

Activity	Quantity	Units	\$/Unit	\$ Cost
safety gates, signs etc		5 ea	500	2,500
demolition of buildings/facilities	18055	cf	0.28	5,056
debris & equipment-trucking	47	trips	56	2,632
debris & equipment-dump fees	282	ton	70	19,740
debris & equipment-loader	80	hours	213	17,040
debris & equipment-labor	80	hours	43	3,440
regrading facilities area	14	acre	1395	19,530
regrading stockpile slopes	50,000	cy	0.66	28,000
ripping dump tops	0	acre	288	0
ripping stockpile & compacted	5	acre	288	1,440
ripping pit floors	17.2	acre	288	4,954
ripping pit access roads	1	acre	557	557
creating safety barriers-highwall	2,200	lf	0.22	484
ripping access roads	1.5	acre	288	432
regrading access roads	1.5	acre	698	1,047
sidecast material replacement	2,640	lf	1.39	3,670
surface drainage restoration	0	lf	0.22	0
topsoil -dozer/trackhoe	46,900	cy	0.66	30,954
topsoil -truck	46,900	cy	2.92	136,948
topsoil -loader	46,900	cy	0.44	20,636
composted manure 10 ton/acre	64.6	acre	350	22,610
broadcast seeding	64.6	acre	280	18,088
hydroseeding	0	acre	930	0
general site cleanup	35	acre	75	2,625
equipment mobilization	6	equipment	2000	12,000
Sub Total				354,383.00
supervision - 10%		35,438		
Sub Total				389,821
10% contingency		38982.13		
Sub Total				428,803
escalator for 5y @ 3.2%/year		68608.5488		
Total				497,412